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SUSTAINABLE FOREST HOLDINGS LIMITED

永保林業控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 723)

**DISCLOSEABLE TRANSACTION
PROVISION OF LOANS TO INDEPENDENT THIRD PARTIES**

The Board is pleased to announce that on 22 March 2019, the Lender, an indirect wholly owned subsidiary of the Company, entered into the Loan Agreements with each of Borrower A, Borrower B and Borrower C, pursuant to which the Lender agreed to provide to each of Borrower A, Borrower B and Borrower C a loan facility in the principal amount of HK\$8,000,000, HK\$9,500,000 and HK\$8,500,000 respectively for a term of 18 months.

As each of Borrower A, Borrower B and Borrower C is owned by the same ultimate beneficial owners, the Loans require aggregation under Rule 14.22 of the Listing Rules. Given one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the amount of financial assistance granted to Borrower A, Borrower B and Borrower C in aggregate is more than 5% but less than 25%, the Loans in aggregate constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under the Listing Rules.

On 22 March 2019, the Lender, an indirect wholly owned subsidiary of the Company, entered into the Loan Agreements with each of Borrower A, Borrower B and Borrower C, pursuant to which the Lender agreed to provide to each of Borrower A, Borrower B and Borrower C a loan facility in the principal amount of HK\$8,000,000, HK\$9,500,000 and HK\$8,500,000 respectively for a term of 18 months.

* For identification purpose only

THE LOAN AGREEMENTS

(i) Principal terms of Loan Agreement A are set out as below:

- Date: 22 March 2019

- Lender: Reliance Credit Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly owned subsidiary of the Company

- Borrower: a company incorporated in Hong Kong with limited liability and to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, save for Borrower B and Borrower C, Borrower A and its ultimate beneficial owners are independent third parties not connected with the Company and its connected persons and other existing borrowers of the Group

- Principal amount: HK8,000,000

- Interest rate: 12% per annum, payable on a monthly basis

- Availability period: available for drawdown within 30 days from the date of Loan Agreement A

- Maturity date: 18 months from the date of drawdown, or such other date to be agreed by the Lender in writing, and subject to such terms and conditions to be agreed between the Lender and Borrower A in writing

- Repayment: subject as otherwise provided in Loan Agreement A, Borrower A shall repay Loan A and the outstanding interest on the maturity date of Loan A

- Security: a first legal charge/mortgage in respect of a property located in Hong Kong

Guarantees: guarantees executed in favour of the Lender by two individuals who are the ultimate beneficial owners of Borrower A, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, except also being the ultimate beneficial owners of Borrower B and Borrower C, each of the guarantors is an independent third party not connected with the Company and its connected persons and other existing borrowers of the Group

(ii) Principal terms of Loan Agreement B are set out as below:

Date: 22 March 2019

Lender: Reliance Credit Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly owned subsidiary of the Company

Borrower: a company incorporated in Hong Kong with limited liability and to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, save for Borrower A and Borrower C, Borrower B and its ultimate beneficial owners are independent third parties not connected with the Company and its connected persons and other existing borrowers of the Group

Principal amount: HK9,500,000

Interest rate: 12% per annum, payable on a monthly basis

Availability period: available for drawdown within 30 days from the date of Loan Agreement B

Maturity date: 18 months from the date of drawdown, or such other date to be agreed by the Lender in writing, and subject to such terms and conditions to be agreed between the Lender and Borrower B in writing

Repayment: subject as otherwise provided in Loan Agreement B, Borrower B shall repay Loan B and the outstanding interest on the maturity date of Loan B

Security: a first legal charge/mortgage in respect of a property located in Hong Kong

Guarantees: guarantees executed in favour of the Lender by two individuals who are the ultimate beneficial owners of Borrower B, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, except also being the ultimate beneficial owners of Borrower A and Borrower C, each of the guarantors is an independent third party not connected with the Company and its connected persons and other existing borrowers of the Group

(iii) Principal terms of Loan Agreement C are set out as below:

Date: 22 March 2019

Lender: Reliance Credit Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly owned subsidiary of the Company

Borrower: a company incorporated in Hong Kong with limited liability and to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, save for Borrower A and Borrower B, Borrower C and its ultimate beneficial owners are independent third parties not connected with the Company and its connected persons and other existing borrowers of the Group

Principal amount: HK8,500,000

Interest rate: 12% per annum, payable on a monthly basis

Availability period: available for drawdown within 30 days from the date of Loan Agreement C

Maturity date: 18 months from the date of drawdown, or such other date to be agreed by the Lender in writing, and subject to such terms and conditions to be agreed between the Lender and Borrower C in writing

Repayment: subject as otherwise provided in Loan Agreement C, Borrower C shall repay Loan C and the outstanding interest on the maturity date of Loan C

Security: a first legal charge/mortgage in respect of a property located in Hong Kong

Guarantees: guarantees executed in favour of the Lender by two individuals who are the ultimate beneficial owners of Borrower C, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, except also being the ultimate beneficial owners of Borrower A and Borrower B, each of the guarantors is an independent third party not connected with the Company and its connected persons and other existing borrowers of the Group

The Loans will be funded by internal resources of the Group.

RELATIONSHIP WITH THE BORROWERS

Each of Borrower A, Borrower B and Borrower C is a company incorporated in Hong Kong with limited liability and is principally engaged in the business of investment holding. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, save for being owned by the same ultimate beneficial owners, each of the Borrowers and its ultimate beneficial owners are independent third parties not connected with the Company and its connected persons and other existing borrowers of the Group. Save for the transactions contemplated under the Loan Agreements, there are no prior relationship and/or other transactions between the Company and each of the Borrowers during the past 12 months.

REASONS FOR AND BENEFITS OF THE PROVISION OF THE LOANS

The Company is an investment holding company. The Group is principally engaged in the business of money lending, sustainable forest management, sales of timber and wooden products and leasing of properties. The Lender is a licensed money lender holding a valid money lenders licence under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong) and is principally engaged in the business of money lending. The provision of the Loans are transactions carried out as part of the ordinary and usual course of business of the Group.

The terms of the Loan Agreements (including the interest rate) were arrived at by the parties thereto after arm's length negotiations, with reference to prevailing commercial practice, the value of security provided and the amount of the Loans. Having considered the recurring interest income to be generated by and the other terms of the Loans, the Directors consider that the terms of the Loan Agreements are normal commercial terms and are fair and reasonable and the provision of the Loans are in the interest of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As each of Borrower A, Borrower B and Borrower C is owned by the same ultimate beneficial owners, the Loans requires aggregation under Rule 14.22 of the Listing Rules. Given one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the amount of financial assistance granted to Borrower A, Borrower B and Borrower C in aggregate is more than 5% but less than 25%, the Loans in aggregate constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under the Listing Rules.

Trading in the Shares has been suspended commencing from 9:00 a.m. on 10 October 2018 as the Company has been placed in the first delisting stage under Practice Note 17 of the Listing Rules referred to in the Company’s announcement dated 12 October 2018.

DEFINITIONS

- “associate” has the meaning ascribed to it under the Listing Rules
- “Board” Board of Directors of the Company
- “Borrower A” a company incorporated in Hong Kong with limited liability and to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, save for Borrower B and Borrower C, Borrower A and its ultimate beneficial owners are independent third parties not connected with the Company and its connected persons and other existing borrowers of the Group
- “Borrower B” a company incorporated in Hong Kong with limited liability and to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, save for Borrower A and Borrower C, Borrower B and its ultimate beneficial owners are independent third parties not connected with the Company and its connected persons and other existing borrowers of the Group

“Borrower C”	a company incorporated in Hong Kong with limited liability and to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, save for Borrower A and Borrower B, Borrower C and its ultimate beneficial owners are independent third parties not connected with the Company and its connected persons and other existing borrowers of the Group
“Borrowers”	collectively, Borrower A, Borrower B and Borrower C
“Company”	Sustainable Forest Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Lender”	Reliance Credit Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly owned subsidiary of the Company and a licensed money lender under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong)
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Loan A”	a loan facility in the principal amount of HK\$8,000,000 granted by the Lender to Borrower A in accordance with the terms and conditions of Loan Agreement A
“Loan B”	a loan facility in the principal amount of HK\$9,500,000 granted by the Lender to Borrower B in accordance with the terms and conditions of Loan Agreement B

“Loan C”	a loan facility in the principal amount of HK\$8,500,000 granted by the Lender to Borrower C in accordance with the terms and conditions of Loan Agreement C
“Loans”	collectively, Loan A, Loan B and Loan C
“Loan Agreement A”	a loan agreement dated 22 March 2019 entered into between the Lender and Borrower A in relation to the provision of Loan A
“Loan Agreement B”	a loan agreement dated 22 March 2019 entered into between the Lender and Borrower B in relation to the provision of Loan B
“Loan Agreement C”	a loan agreement dated 22 March 2019 entered into between the Lender and Borrower C in relation to the provision of Loan C
“Loan Agreements”	collectively, Loan Agreement A, Loan Agreement B and Loan Agreement C
“Share(s)”	ordinary share(s) of HK\$0.01 each in the capital of the Company
“Shareholder(s)”	holder(s) of the issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

By Order of the Board
Sustainable Forest Holdings Limited
Wang Jingyu
Chairlady

Hong Kong, 22 March 2019

As at the date of this announcement, the Board comprises Ms. Wang Jingyu (Chairlady), Mr. Lai Ming Wai (Chief Executive Officer) and Ms. Chan Yuk Yee as Executive Directors and Mr. Yam Kwong Chun, Mr. Chiang Bun and Mr. Chai Chi Keung as Independent Non-executive Directors.